

# High freight rates, food companies raise the alarm

## Logistics

Linhart: "In the last few days, prices between Salerno and the UK have increased up to 300%"

### NAPLES

In April, Cosco increased freight rates on ships leaving Salerno by 300%. MSC changed its routes from Naples to Great Britain: for a few days now, ships have been leaving from Gioia Tauro. The issue was raised by some of the leading entrepreneurs in the southern Italian agricultural sector.

It must be pointed out that the dramatic increase in freight rates started in 2020, just after the first lockdown, and affected all ports globally. However, in the spring of 2022, attention turned to ports in the Campania region of Italy, as companies which until recently loaded their export goods onto ships docked in Naples and Salerno, will now be in serious difficulty.

The first to denounce this was Atlante, a Bologna-based company operating in the food retail sector, on which the main Italian and international distribution chains rely. "In the last few days, freight costs between the port of Salerno and the UK have increased: we are talking of 300% compared to 2021 on a route where Cosco is the only operator. Moreover, MSC has moved its departures for the UK to Gioia Tauro," says Atlante CEO Natasha Linhart. "Lead times will increase by at least one week". Specifically, goods are transported to Gioia Tauro on a feeder ship or train, and then transferred to a larger ship. "It is realistic," she adds, "to expect a negative impact on pasta and tomato exports". Atlante operates in 15 western and 6 Far Eastern countries, as well as South Africa and Israel, shipping over 6,000 cargos per year in 32 ports.

Producers are no less concerned. "We are caught in a perfect storm," says Antonio Farraioli CEO of La Doria, a company which produces vegetable preserves and exports worldwide, and for whom the UK is a major market.

"If that weren't enough, it is even worse in the south. The route change adopted by MSC from 1st April adds further inconvenience as we exporters will suffer longer delivery times," adds Ferraioli.

"In Italy, the cost of shipping a 40-foot container to the USA has tripled between 2020 and 2022, and the cost of shipping the same container to the UK has increased by 70%". From tomatoes to pasta. «We are seeing out-of-control price increases by logistics operators," says Marco De Matteis, CEO of the pasta company of the same name that produces "Armando" pasta. "Agri-food exports are at great risk. We are talking about the Made in Italy products we are so proud of. We are considering reducing exports," he concludes.

Apparently, this shockwave is caused by having fewer ships available (some of which have not adapted to green regulations), and a growing demand for space. Entrepreneurs are pointing fingers. «A small number of players manage traffic and impose unjustified tariffs," adds Ferraioli. "As I understand, the European anti-trust authorities have been asked to step in".

Conateco, the Consorzio Napoletano Terminal Container (100% MSC), which manages services in Naples, downplays the situation. "New tariff increases? They have actually decreased slightly!", replies Pasquale Legora De Feo, CEO of Conateco. On the transfer to Gioia Tauro, he adds, "Companies will still embark in Naples. MSC is responsible for transshipment to larger ships at Gioia Tauro".

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## TARIFFS

# 300%

### Rising freight tariffs

For Atlante, an export company, maritime transport rates have risen dramatically, with the highest increases coming from the port of Salerno. Atlante records show that, since 2021, the cost of transporting a 25-tonne container from Salerno to the UK by sea has risen from 800 to 3,000 euros.

